

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

EURE-00 /105 W

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P R 131808Z JUL 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 3625

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: ETRD, EC, EAGR

SUBJECT: COMMISSION PROPOSAL TO TAX VEGETABLE FATS
AND OILS

REF: STATE 170962

1. DRAWING ON POINTS REFTTEL, AGATT DISCUSSED WITH
AND DELIVERED MEMORANDUM TO SIR FREDERICK KEARNS,
SECOND PERMANENT SECRETARY, MAFF, STRESSING THE EXTREME
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SERIOUSNESS WITH WHICH US VIEWS EC PROPOSAL TO TAX

VEGETABLE FATS AND OILS. HE REPLIED PROPOSAL WAS "ILL CONCEIVED AND WOULD NEVER HAPPEN." KEARNS CONTINUED THAT MEASURE WOULD REQUIRE A RESOLUTION WHICH THE UK WOULD VETO IF NECESSARY. HOWEVER, HE BELIEVES THE PROPOSAL WILL BE TALKED DOWN BEFORE THAT BECOMES NECESSARY.

2. IN ADDITION, ECON COUNSELOR RAISED THE PROBLEM WITH SIDNEY ABRAMSON, UNDER SECRETARY IN THE DEPT OF TRADE. (ROBIN GRAY, ABRAMSON'S SUPERIOR, WAS NOT IN TOWN.) ABRAMSON MILDLY TOOK ISSUE WITH TWO OF THE POINTS MADE IN REFTEL. HE CONTESTED THE CLAIM OF GATT IMPAIRMENT SINCE THE TAX WOULD AFFECT DOMESTIC AS WELL AS IMPORTED OILS AND FATS. SECONDLY, HE NOTED THAT THE OECD TRADE PLEDGE AND THE RAMBOUILLET DECLARATION HAD ALWAYS BEEN INTERPRETED AS NOT PRECLUDING ACTION IN A PARTICULAR AREA, AND HE CITED SPECIALTY STEEL AS A CASE IN POINT. HE WAS DISINCLINED TO PREDICT THE UK'S LINE, BUT SAID THE POLITICAL SIGNIFICANCE OF THE CASE, WHICH WE STRESSED, WAS APPRECIATED, AND THAT WHAT LARDINOIS IS PROPOSING IS NOT REGARDED AS ONE OF THE BETTER WAYS TO DEAL WITH THE DAIRY PROBLEM.

3. COMMENT: WE THINK KEARNS, AS THE SENIOR OF OUR TWO CONTACTS, AND AS AN OFFICIAL OF THE DEPARTMENT PRINCIPALLY CONCERNED, IS THE MORE AUTHORITATIVE JUDGE OF WHAT THE UK WILL DO. ABRAMSON IS NOT ONLY FURTHER FROM THE PROBLEM; HE IS AN EXCESSIVELY CAUTIOUS CIVIL SERVANT. WE SHALL PURSUE THE SUBJECT WITH OTHER BRITISH CONTACTS AS THE OPPORTUNITY ARISES.

SPIERS

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